

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

04/2018



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

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Development of the Company

PROGRESS

HDFC act as a financing partner for the following housing projects:

- **The Gardens – Hulhumale:** is a project undertaken by Jaah Investments. It is having 73 mixed - used residential housing units in the reclaimed suburb of Hulhumale. It is proposed to build 2 towers of 13 storeys of which two floors will be allocated for commercial purposes, with the top floor used as a multipurpose terrace equipped with a swimming pool. Ongoing works comprise of masonry work for staircases (basement and ground floor & first floor) and fixing of shuttering staircases. 23% of the overall project is completed. The project is expected to be completed by December 2019.
- **FW Construction- Hulhumale’:** is a project undertaken by FW Construction. This project encompasses the development of a 14-storey mixed use residential housing units of 90 units in Hulhumale’ Phase 1. Ongoing works include masonry work of 2nd and 3rd floor. Overall 22% of the project is completed. The project is expected to be completed by 30 November 2019.
- **Hulhumale Residence:** is a project in Hulhumale’ jointly under taken by Ensis and Associated Business Agents Pvt. Ltd. This project is a 7-storey building consisting of 14 pure residential housing units. At present superstructure works, formworks, reinforcement and concreting works are going on. Overall, 16.77% of the project is completed. This project is expected to be completed by the end of 2019.
- **AIRA Apartments-** Is a project in Hulhumale’ under taken by Ensis Fisheries Private Ltd. This project consists of two 8 storey mixed use of 100 residential units comprising of 1, 2plus 1, 3plus 1 and pent houses. 90% of formwork completed in first floor. Ongoing works comprise of formworks and concrete works of the rest of the building. 28.57% of the overall project is completed.
- **One Avenue-**is a project undertaken by Damas Real Estate. Ltd. This project encompasses 97 mixed use residential units consisting of a 10-storey tower of 52 units and a 9-storey tower of 45 units. The ground and first floor will be developed for commercial use. 50 percent of the masonry works of the 10th floor is completed. 50% of the toilet wall internal plastering works on 7th floor of tower A and B have been completed. 30% of internal plastering done on tower A and 80% on tower

B. 119 days of delay has incurred due to weather conditions and unexpected export ban from India and delay in Indian workers visa. The project is now expected to be completed by October 2019.

- **Manaage Residence-** Is a project undertaken by Rainbow Construction Pvt. Ltd. This project is a 14-storey residential and commercial building located in Male' region consisting of 3.5-bedrooms apartment and 2-bedroom apartments. The project was started in 2016. On-going works is final painting, installation of timber doors, installation of air conditions and exterior aluminium wall cladding.
- **Oceanfront Residence-** is a project undertaken by Rainbow Construction Pvt. Ltd. It is project in Hulhumale' comprising of 13 storey 2 towers which includes 145 housing units. Ongoing works comprise of block masonry works of 10th floor, tower A and B toilet walls, 30% of internal plastering done in tower A and 80% of plastering in tower B is completed. Project is estimated to be complete by October 2019.
- **Apollo Towers-** is a project undertaken by Apollo Holdings Private Ltd. This project consists of two towers one with 10 storey and the other 9 storey which consists of 96 apartments which includes, 1, 2, and 3-bedroom apartments, semi-deluxe, luxury apartments and penthouse apartments. 95% of the structural works are completed and 45% of the overall project is completed. The project is delayed by 180 days due to delays caused during the mobilisation stage due to water supply and electricity access.
- **Batch Apartments Marina View-** is a project undertaken by Batch Construction which comprise of the development of a 10-storey mixed use 70 residential units. Ongoing works includes internal plumbing pine line works, general area tiling works, toilet ceiling works, installation of doors and windows and electric works of 2,3, and 4 floors. Masonry works completed up to 8th floor. Overall 70% of the project is completed.

EMPLOYMENT DATA

<i>1 October 2018 – 31 December 2018</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	37	-	37
No. of staff resigned/terminated*	02	-	02
No. of staff employed	01	-	01
No. of staff at end of the quarter	36	-	36

*Note: 1 staff on contract (not extended)
1 staff vacation of post

STAFF DEVELOPMENT

- One member of staff undertook 5 days' work shop in Sri Lanka on "Enabling and Managing Office 365" conducted by Tech One Global of Sri Lanka
- Two officers attended 1-day Islamic Conference (MIBFI) conducted by UTO Edu Consultants
- Two officers attended 10 days Housing Finance Management training in Lonavla (India) conducted by HDFC India
- All staffs participated in a customer care training conducted by a local trainer Mr. Bandhu Ibrahim Saleem
- Two officers attended a 1-day IFRS workshop conducted by KPMG

Administration

BOARD ACTIVITIES

<i>Oct 2018 – December 2018</i>	<i>No. of Meeting</i>	<i>Date</i>
Nomination and Remuneration Committee	One	29 November 2018
Board Meeting	One	29 November 2018
Audit Committee meeting	One	29 November 2018

CHANGES IN THE MEMBERS OF THE BOARD

No changes were brought to the Board of Directors

MAJOR DECISIONS MADE BY THE AUDIT COMMITTEE

- Approval of 2019 Budget
- Approval of 2019 Business Plan

Major decisions made by the nomination and remuneration committee

- Approval to renew MD's contract

Major decisions made by the board

- Approval to dispose unusable depreciated assets at Addu Center
- Approval of resolutions
- Approval of Whistle Blowing Policy
- Approval of Dividend Policy
- Approval of Corporate Governance Policy

Company's Share Structure

SHAREHOLDERS

Housing Development Finance Corporation PLC.'s main shareholders include, Government of Maldives (GOM) with 49% shares, Asian Development Bank (ADB) 18%; International Finance Corporation (IFC) 18% and HDFC Investments Ltd. of India with 15% along with 10 initial shareholders including the MD. The Company's Shareholding structure is as follows.

SHAREHOLDING STRUCTURE


	<i>Name</i>	<i>Capacity</i>	<i>No. of Share(s) held</i>	<i>Face Value of a share in MVR</i>	<i>Value of share(s) held in MVR</i>
1.	Government of Maldives 49%	Shareholder	780,928	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875	100	28,687,500.00
3.	Asian Development Bank 18%	Shareholder	286,875	100	28,687,500.00
4.	HDFC Investments Ltd. (India) 15%	Shareholder	239,062	100	23,906,200.00
5.	Mr. Ibrahim Naeem	Shareholder	1	100	100.00
6.	Ms. Raheema Saleem	Shareholder	1	100	100.00
7.	Mr. Hamid Yoosuf	Shareholder	1	100	100.00
8.	Mr. Mohamed Shahudy	Shareholder	1	100	100.00
9.	Ms. Aishath Rasheeda	Shareholder	1	100	100.00
10.	Mr. Mohamed Fathy	Shareholder	1	100	100.00
11.	Mr. Mohamed Hamdan Fahumy	Shareholder	1	100	100.00
12.	Mr. Ahmed Anwar	Shareholder	1	100	100.00
13.	Mr. Nahid Idrees	Shareholder	1	100	100.00
14.	Reserved for an expat MD		1	100	100.00
		TOTAL	1,593,750		159,375,000.00

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2018

	Quarter 4	Quarter3(Revised)
(all amounts are in MVR)	31-Dec-18	30-Sep-18
ASSETS		
Cash and short term funds	76,672,028	72,896,926
Financial Assets Held to Maturity	44,976,096	74,886,325
Loans and Advances to Customers	1,613,610,336	1,540,191,021
Property, Plant and Equipment	1,324,051	1,330,790
Intangible assets	621,847	675,920
Deferred tax asset	3,505,239	3,505,239
Other assets	7,356,305	7,455,190
TOTAL ASSETS	1,748,065,906	1,700,941,412
LIABILITIES		
Deposits from customers	82,554,043	80,237,234
Borrowings	856,562,909	851,879,906
Other liabilities	244,444,770	189,224,019
Total Liabilities	1,183,561,723	1,121,341,159
EQUITY		
Share capital	159,375,000	159,375,000
Advance for Share Capital	51,407,100	51,407,100
Retained earnings	336,585,603	351,681,672
General Reserve	15,000,000	15,000,000
Staff Education Reserve	2,136,480	2,136,480
Total shareholders' equity	564,504,183	579,600,252
TOTAL EQUITY AND LIABILITIES	1,748,065,906	1,700,941,412



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 DECEMBER 2018

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31-Dec-18	30-Sep-18
Gross income	46,203,303	44,388,410
Interest income	37,144,575	36,155,695
Interest expense	(12,200,025)	(12,121,628)
Net interest income	24,944,550	24,034,066
Net income on Shari'ah products	7,423,706	6,558,328
Fee income	1,181,968	1,220,047
Other income	453,053	454,340
	9,058,727	8,232,715
Operating income	34,003,278	32,266,782
Provision for Impairment loss on loans and advances (made)/ Reversal	879,659	2,071,547
Personnel expenses	(2,253,226)	(2,190,506)
Other operating expenses	(2,087,429)	(1,719,205)
Profit before tax	28,782,963	26,285,525
Tax expense	(4,035,282)	(4,054,634)
Profit for the period	24,747,681	22,230,891
Earnings Per Share - basic	15.53	13.95



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 DECEMBER 2018

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31 December 2018	30 September 2018
Cash Flow from Operating Activities		
Operating Profit	24,747,681	22,230,891
Add: Increase/(Decrease) Impaired losses on loans and advances	(879,659)	(2,071,547)
Depreciation	162,540	165,061
(Increase)/Decrease in loans and advances to customers	(72,539,655)	(33,642,935)
(Increase)/Decrease in Other assets	98,882	2,175
(Increase)/Decrease in Financial Assets held to maturity	29,910,228	20,050,558
Increase/(Decrease) in due to customers	2,316,810	6,689,368
Increase/(Decrease) in other liabilities	15,377,001	13,755,054
Net Cash Flow from Operating Activities	(806,173)	27,178,625
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(101,728)	(21,160)
Net Cash Flow from Investing Activities	(101,728)	(21,160)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	61,000,000	81,942,904
Repayment of borrowed funds and debt securities	(56,316,997)	(125,675,455)
Net Cash flow Financing Activities	4,683,003	(43,732,552)
Net Increase in Cash and Cash Equivalent	3,775,102	(16,575,086)
Cash and Cash Equivalents at the beginning of the period	72,896,926	89,472,013
Cash and Cash Equivalents at the end of the period	76,672,028	72,896,926



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 31 DECEMBER 2018

(all amounts are in MVR)	Quarter 4	Quarter 3 (Revised)
	31 December 2018	30 September 2018
Gross income	11,988,568	11,088,628
Revenue	11,705,107	10,794,363
Investment Charges	(4,410,620)	(4,306,176)
Net investment income	7,294,486	6,488,186
Fees and commissions	283,461	294,265
Operating Income	7,577,948	6,782,451
Staff Costs	(140,649)	(140,964)
Administration & Operating Expen:	(745,474)	(361,110)
Bank Charges	(23,755)	(1,084)
Depreciation	(32,508)	(33,012)
Net Operating Expenses	(942,387)	(536,171)
Net Profit	6,635,561	6,246,280



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31 December 2018	30 September 2018
Cash and Short term funds	54,973,139	58,641,576
Mortgage facilities	378,741,411	345,226,761
Non - Current Assets	389,180	401,342
Other Assets	190,715	160,064
Total Assets	434,294,445	404,429,743
Customer deposits	20,124,275	18,527,435
Wakalah Facilities	138,188,262	117,188,262
Sukuk	111,602,000	111,602,000
Other liabilities	95,499,242	94,866,941
	365,413,779	342,184,638
Equity	68,880,666	62,245,105
Total Equity and Liabilities	434,294,445	404,429,743



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

Corporate Governance Compliance

	<i>Provision</i>	<i>Compliance Status</i>	<i>Details</i>
<i>Effective Board</i>	1.1	Complied	The Board comprises of 6 Directors, of which 5 are Non- Executive Directors with one Executive Director (with no voting power). There are three Independent directors (1 from GOM, 1 from IFC and 1 from ADB).
<i>Composition of the BOD</i>	1.2	Complied	There are two female Director on HDFC PLC.'s Board. None of the Directors hold Directorship in more than 3 public Companies.
<i>Nomination/re- election of Directors</i>	1.3	Complied	GOM, ADB, and HDFC Investments Ltd. India have each appointed one Alternate Director. GOM representations on the Board are informed by the Ministry of Finance and Treasury. There is no Public Director on the Board of HDFC PLC. Since HDFC's shares are not listed.
<i>Separation of Chairman and MD</i>	1.4	Complied	The Chairman and the MD are two separate individuals in the Company.
<i>Roles of the Chairman and MD</i>	1.5	Complied	The roles of the Chairman and the MD are separated. The Chairman is appointed for a period of 1 year on rotation.
<i>Duties of the Board</i>	1.6	Complied	Board Directors roles are stated separately in the charter.
<i>Training</i>	1.7	Complied	Director and Company Secretary participated in trainings organized by CMDA.
<i>Committees</i>	1.8	Complied	Board Committees are; <ul style="list-style-type: none"> • Audit Committee • Nomination & Remuneration Committee • Credit Risk Management Committee
<i>Remuneration policy</i>	2.1	Complied	The Company has a remuneration policy in place.
<i>Evaluation of the BOD Performance</i>	2.2	Complied	Evaluation of the Board is done by respective Shareholders.

Board remuneration Disclosure	2.3	Complied	The Board sitting fee and top management remuneration are disclosed in the company's Annual Report.
Board Member Remuneration Disclosure	2.4	Complied	There is no fixed remuneration given to the individual board director. HDFC gives a sitting fee to each member who attends the Board and its Committees, which is disclosed as a total for the year in the Annual Report.
Management constituents	3.1	Complied	Members who comprise the management team are Managing Director, AGM-Finance, AGM-IT, AGM-Credit, Manager Islamic Finance and Senior Manager - ADMIN
Roles and Responsibilities of the Management	3.2	Complied	The HR department has drawn job descriptions for each employee of the Company. The Board provides the management constant advice and guidance. Further, the Board has given performance goals to the MD, which are cascaded down to the management.
Internal Audit	4.1	Complied	Internal Audit findings are reported directly to the Audit Committee.
External Audit	4.2	Complied	The Audit Committee makes recommendations on selecting an External Auditor to the Company, which is taken to the AGM for the Shareholders approval. PWC was appointed as Auditor for 2018 at the last AGM
Internal Controls	4.3	Complied	The Internal Auditors review the internal controls set within the Company and reports directly to the Audit Committee of the Board.
Company Secretary	5	Complied	The Company Secretary maintains a schedule of the compliances signed by the responsible staff. The compliances are reported to the Board.
Shareholders	6.1	Complied	Shareholders rights are informed through quarterly reports, the Company's website and the AGM.
Shareholder Communication	6.2	Complied	Shareholder communication is conveyed through notices, press releases, press conferences, monthly reports, quarterly reports, semi-annual reports, annual reports and AGM.
General Meetings	6.3	Complied	The Company's AGM is held annually to inform the company's performance of the past year.
Voting Rights	6.4	Complied	Shareholders are informed on their voting rights by email and letters. Shareholders are permitted to vote in-absentia through proxy voting.

Financial Statements	7.1	Complied	The Company's Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), Audited Balance Sheet And Profit and Loss statements are reviewed and signed by the Chairman, MD and AGM-Finance. Monthly, Quarterly and Semi-annually reports are signed by the MD AGM-Finance.
Non-Financial Statements	7.2	Complied	HDFC ensures the disclosure of current/potential conflicts of interests (if any) and interested third party transactions by the Directors and the Management through its annual report.
Systems to raise concerns	8	Complied	The Board and Management ensure that appropriate processes are in place to enable employees and management to raise their concerns as communicated to the staff, and disclosed in the annual report. Additionally customers and other stakeholder concerns can be raised through the suggestion box placed at the information counter of HDFC's Office, and also by writing to the Appeal and Grievance committee that comprises of two local directors and the MD.
Investor and Media Relationship	9.1	Complied	HDFC maintains a close relationship with the media and investors and acts as a responsible Corporate Citizen at all times.
Quarterly Newsletter	9.2	Complied	HDFC discloses its business and other undertakings and events through its quarterly reports.
Sustainability Reporting	10	Complied	HDFC publishes its Sustainability Report as part of the Annual Report. Environmental Impact Assessment Reports are submitted Annually to ADB and other multilateral funding partners.

The Company has no pending tax to MIRA during 4th Quarter of 2018

Reporting Compliance

This report is prepared in compliance with the Minimum Quarterly Reporting Requirements set in CMDA circular for Listed Companies.